

Message Text

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TAGS: ITU, ETEL, ECON, BL, PFOR

SUBJECT: ARREARAGES IN GOB'S ITU ASSESSMENTS

REF: LA PAZ 3901

1. WE REGRET USG WILL NOT BE ABLE SUPPORT GOB EFFORTS TO FORGIVE BOLIVIAN ARREARAGES IN ITU CONTRIBUTIONS. FYI: BOLIVIA, WITH UNPAID CONTRIBUTIONS DATING BACK TO 1950 IS LARGEST SINGLE DEBTOR TO UNION HAVING CURRENT ARREARAGES IN EXCESS OF 2 1/2 MILLION SWISS FRANCS OR MORE THAN DOLS. 800,000. END FYI.

2. IT LONG STANDING USG POLICY IN ALL INTERNATIONAL ORGANIZATIONS TO OPPOSE ON PRINCIPLE WAIVER OF LEGALLY ESTABLISHED CONTRIBUTIONS TO THESE ORGANIZATIONS BY MEMBER STATES AS ESTABLISHING UNWISE PRECEDENT AND WEAKENING FINANCIAL SOUNDNESS OF THESE ORGANIZATIONS. WHILE WE SYMPATHIZE WITH BOLIVIA'S PLIGHT, WE UNABLE TO MAKE

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EXCEPTION IN THIS CASE.

3. CURRENT ITU CONVENTION PROVIDES NO PENALTIES FOR NON-PAYMENT OF CONTRIBUTIONS OTHER THAN ASSESSMENT OF INTEREST ON ARREARAGES. RESULT OF THIS SITUATION HAS BEEN THAT TOTAL ARREARAGES HAVE MUSHROOMED IN RECENT YEARS AND NOW EXCEED 10 MILLION SWISS FRANCS, WHICH SERIOUSLY BURDENS ITU FINANCIAL POSITION AND UNBALANCES FINANCIAL PLANNING.

TO REMEDY THIS SITUATION A NUMBER OF MEMBERS, INCLUDING U.S., HAVE SUBMITTED PROPOSALS FOR PROVIDING PENALTIES FOR DEBTORS. MOST COMMON IS PROVISION SIMILAR TO THAT USED IN UN AND OTHER SPECIALIZED AGENCIES OF SUSPENSION OF VOTING RIGHTS AFTER TWO YEARS NON-PAYMENT OF CONTRIBUTIONS. ALL THESE PROPOSALS WILL BE CONSIDERED AT ITU PLENIPOTENTIARY CONFERENCE MEETING SEPTEMBER 14 - OCTOBER 19, 1973 AT TORREMOLINOS, SPAIN.

4. U.S. PROPOSAL IS TWO TIERED:

A. REGARDING ARREARAGES FOR 1974 AND THEREAFTER, IT PROVIDES FOR LOSS OF VOTE IN UNION CONFERENCES AFTER TWO YEARS NON-PAYMENT OF ASSESSED CONTRIBUTIONS, AND

B. PROVIDES FOR SETTLEMENT OF PAST DEBTS ON LONG-TERM BASIS BY HAVING MEMBER STATES REDUCE DEBT ON YEARLY BASIS BY AMOUNT EQUAL TO YEARLY CONTRIBUTION. U.S. PROPOSAL CIRCULATED BY ITU TO ALL MEMBER STATES, INCLUDING BOLIVIA, AS PLENIPOTENTIARY DOC. NO. 22, DATED FEB. 27, 1973, PROPOSALS NO. USA/22/4-5.

5. ITU OPERATES ON "FREEDOM OF CHOICE" PRINCIPLE WHEREBY MEMBERS THEMSELVES CHOSE OWN CONTRIBUTORY CLASS FOR PAYMENT OF ITU EXPENSES. CURRENTLY, CONTRIBUTORY CLASSES RANGE FROM ONE-HALF UNIT TO THIRTY UNITS (CASH VALUE OF THE UNITS IS SET EACH YEAR BY ADMINISTRATIVE COUNCIL ON BASIS ITU BUDGETARY REQUIREMENTS). CHANGES IN CONTRIBUTORY CLASSES CAN BE MADE AT PLENIPOTENTIARY CONFERENCES, WHICH ARE HELD AT FIVE TO EIGHT YEAR INTERVALS; IF NO ANNOUNCEMENT MADE, MEMBER COUNTRY CONTINUES AT CLASS PREVIOUSLY ANNOUNCED. BOLIVIA CURRENTLY IN THREE UNIT CATEGORY, WHICH LIMITED OFFICIAL USE

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IT ASSUMED OVER 25 YEARS AGO WHEN THIS WAS LOWEST CONTRIBUTORY CLASS. SINCE THAT TIME, LOWEST CLASS HAS BEEN STEADILY REVISED DOWNWARD - IT NOW ONE-HALF UNIT - BUT BOLIVIA HAS NOT TAKEN ANY ACTION TO MOVE TO A LOWER CLASS, WHICH IT HAD EVERY RIGHT TO DO AT PLENIPOTENTIARY CONFERENCES.

6. DRAWING ON FOREGOING AS NECESSARY EMBASSY MAY, AT ITS DISCRETION, ADVISE APPROPRIATE BOLIVIAN OFFICIALS ALONG FOLLOWING LINES:

A. USG FULLY SYMPATHETIC TO BOLIVIA'S PLIGHT, BUT WE UNABLE SUPPORT GOB PROPOSAL DESCRIBED REFTEL WHICH WOULD RESULT IN WAIVER OF GOB RESPONSIBILITY FOR PAYMENT OF PRE-1973 ITU ARREARAGES;

B. GOB MAY WISH CONSIDER SUPPORTING U.S. PROPOSAL AT PLENIPOTENTIARY CONFERENCE, WHICH WOULD PROVIDE CONVENIENT LONG-TERM, AND RELATIVELY PAINLESS MECHANISM FOR PAYING OFF ARREARAGES;

C. GOB SHOULD BY ALL MEANS BE REPRESENTED AT TORREMOLINOS CONFERENCE, AND

D. GOB MAY WISH TO SERIOUSLY CONSIDER REDUCING LEVEL OF CONTRIBUTORY CLASS AT TORREMOLINOS TO PERHAPS ONE OR ONE-HALF UNIT, WHICH IT HAS EVERY RIGHT TO DO. UNLESS BOLIVIA TAKES POSITIVE ACTION TO LOWER CONTRIBUTORY CLASS, IT WILL REMAIN AT THREE UNITS UNTIL FOLLOWING PLENIPOTENTIARY CONFERENCE, WHICH WILL PROBABLY TAKE PLACE IN 1979-1982 PERIOD.

E. GOB BY TAKING ADVANTAGE OF THE FREEDOM OF CHOICE PRINCIPLE WITH REGARD TO CONTRIBUTORY CLASS AND THE US PROPOSAL, IF APPROVED, COULD ACHIEVE THE FOLLOWING:

(I) REDUCE ITS ANNUAL CONTRIBUTION TO AS LOW AS 1/2 UNIT;

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(II) ENTER INTO AN AGREEMENT WITH ITU TO REDUCE ITS ARREARAGE ON A YEARLY BASIS BY AN AMOUNT EQUAL TO ITS YEARLY CONTRIBUTION, I.E. ANOTHER 1/2 UNIT;

(III) THUS COULD KEEP UP ITS CURRENT YEARLY CONTRIBUTION AND LIQUIDATE ITS ARREARAGE BY PAYING ONLY ONE UNIT PER YEAR, WHEREAS IT MUST NOW PAY AT THE RATE OF THREE UNITS PER YEAR WITHOUT LIQUIDATING ITS ARREARAGES. RUSH

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